



*United States Attorney  
Southern District of New York*

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**U.S. INDICTS TWO CANADIAN EXECUTIVES**  
**FOR STOCKBROKER BRIBERY SCHEME**

Michael J. GARCIA, the United States Attorney for the Southern District of New York, announced the filing last week in Manhattan federal court of an Indictment charging GARY BURNIE, the President and Chief Executive Officer of Canadian-based company GSB Financial Services, Inc. ("GSB"), and FLOYD COCHRAN, an undisclosed principal of GSB, with scheming to manipulate the price of GSB stock by paying secret bribes to stockbrokers to peddle that stock to their customers.

The Indictment charges BURNIE and COCHRAN with conspiring to commit securities fraud and to engage in commercial bribery affecting interstate commerce. It alleges that, beginning in January of 2005, BURNIE spoke with an individual who was cooperating with the Government (the "CW") about recruiting stockbrokers to buy GSB stock from BURNIE and COCHRAN and sell that stock to their customers in the United States in return for secret cash payments totaling approximately 35 percent of the value of the stock sold.

According to the Indictment, on or about March 2, 2005, the CW introduced BURNIE to an undercover agent (the "UC") with the Federal Bureau of Investigation (the "FBI") who was posing as a principal of and stockbroker with a brokerage firm. The brokerage firm was in fact established by the FBI as part of an undercover operation. The UC and BURNIE discussed that the UC would recruit stockbrokers from his firm to sell shares of GSB stock to their retail brokerage customers in return for a payment of approximately 35 percent of the value of the stock sold.

The Indictment further alleges that a month later, the

UC told both GARY BURNIE and FLOYD COCHRAN that the UC would accept a cash payment of approximately 35 percent of the proceeds of the sales of GSB stock that BURNIE and COCHRAN transferred to the UC's brokerage firm. BURNIE and COCHRAN agreed that the cash payment would have to be concealed and would not be disclosed to the brokerage firm's customers, and they proposed that the UC transfer the proceeds of the GSB stock sales to offshore nominee accounts controlled by COCHRAN and BURNIE. As a result of that agreement, BURNIE and COCHRAN transferred 16 million shares of GSB stock to the UC's undercover brokerage firm.

In July 2005, according to the Indictment, after selling approximately \$25,500 worth of GSB stock controlled by BURNIE and COCHRAN, the UC received from BURNIE and COCHRAN a cash kickback of approximately \$8,650, which represented approximately 35 percent of the GSB sales proceeds. In August 2005, BURNIE and COCHRAN were arrested in San Francisco, California, where they had traveled to meet with the UC.

COCHRAN, 65, is a resident of British Columbia, Canada.

BURNIE, 55, is also a resident of British Columbia, Canada.

If convicted of the charge contained in the Indictment, BURNIE and COCHRAN each faces a maximum sentence of 5 years in prison, as well as a maximum fine on each count of \$250,000.

Mr. GARCIA praised the efforts of the Federal Bureau of Investigation and thanked the Securities and Exchange Commission for their assistance in this investigation.

Assistant United States Attorney RAY LOHIER is in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

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